

04-568

AMENDMENT 1

TO THE

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE GOVERNMENT OF

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN

IRELAND

AND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

RELATING TO

AV-8B/HARRIER GR5 DEVELOPMENT, PRODUCTION, AND

SUPPORT

Short Title:

AV-8B/GR5 ARRANGEMENT

I hereby certify that this is a true copy
of the original document

Anthony M. Piermatteo
Anthony M. Piermatteo

3/22/96
Date

SECTION 1

INTRODUCTION

1. The purpose of Amendment 1 to the AV-8B/GR5 Arrangement is to:
 - a. extend the expiration date from 31 December 1995 to 31 December 2005; and
 - b. facilitate Post-Production Support through the provision of more flexible acquisition procedures for supplies and services and the incorporation of revised configuration management arrangements.
2. Accordingly, the Governments have reached the following understandings:

SECTION 2

AMENDMENT

The AV-8B/GR5 ARRANGEMENT is hereby amended as follows:

1. INDEX: Add at the end:

"Annex 1 Imposition of Levies or Royalties on Third Party Sales."

2. SECTION 1, INTRODUCTION: Add a new subparagraph 4 as follows:

"4. The Governments recognize that the Agreement Concerning Defence Cooperation Arrangements of 27 May 1993 signed between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland will apply to those activities conducted under this MOU after the effective date of Amendment 1."

3. SECTION 1, INTRODUCTION: Add a new subparagraph 5 as follows:

"5. The Governments recognize the existence of two Supplements to this MOU: Supplement No 1 entitled 'Pegasus Engine Tooling for AV-8B/GR5 Aircraft' dated 9 November 1984; and Supplement No 2 entitled 'Night Attack Capability for AV-8B/GR5 Aircraft' dated 19 July 1987."

4. SECTION II, DEFINITIONS: Delete "An" before "advanced" in paragraphs 1 and 2 and change "advanced" to "Advanced". Paragraphs 1 and 2 read:

"1. AV-8B Advanced vectored thrust Harrier derivative aircraft, incorporating a Pegasus 11 engine, adapted for the United States military requirements.

2. GR5 Advanced vectored thrust Harrier derivative aircraft, incorporating a Pegasus 11 engine, adapted for the United Kingdom military requirements."

5. SECTION III, paragraph 2.b: delete:

"by the Governments from each other under Letter of Offer and Acceptance (LOA) procedures;"

6. SECTION V: Add a new paragraph 5 as follows:

"Post Production Support

5. Each Government will bear the costs associated with the acquisition of post production support supplies and services necessary to satisfy its requirements".

7. SECTION VI, paragraph 2.a: revise to read as follows:

"Either Government may acquire supplies or services for the requirements of both Governments."

8. SECTION VI, paragraph 2.b: Revise to read as follows:

"The acquiring Government will negotiate Contracts and make other necessary arrangements for supply of the items at prices which are fair, reasonable and comparable with those paid by that Government for its own like requirements. To this end, the acquiring Government will ensure that its normal price and audit surveillance and checks will be applied to procurement made on behalf of the other Government, and will keep the latter fully informed as to the content of all relevant contract negotiations undertaken in the pursuance of this MOU. In addition, if requested, the acquiring Government will, subject to the provisions of Section XVII, paragraph 3, provide the other Government with copies of Contract documents related to its requirements."

9. SECTION VI, paragraph 3: delete "a." after "3.", insert "." after "conditions" in the second line of subparagraph (a), and delete the remainder of the paragraph. The revised paragraph reads as follows:

"3. When contracting for AV-8B supplies or services required by the USG, the UKG will use its normal contractual procedures and conditions."

10. SECTION VI: Add a new paragraph 5 as follows:

"5. Contracts placed by either Government for services and supplies may include, but will not necessarily be limited to:

- a. airframe assemblies, accessories and components
- b. engines, accessories and components
- c. avionics equipment
- d. role equipment
- e. Ground Support Equipment
- f. Technical Information and Computer Software

- g. training and training equipment
- h. support for the above."

11. SECTION VII, paragraph 1: insert "and on fair and reasonable terms" after Section X".
12. SECTION VII, paragraph 1f: delete "or" and insert "," and delete "work," and insert "and post production support;". The revised para 1f reads as follows:

"1f. use of either Government's establishments in experimental, testing and post production support;"
13. SECTION VII, paragraph 3: Delete in toto.
14. SECTION VIII: Paragraphs 2, 6, and 7. Change "selling" to "providing".
15. SECTION VIII: Delete references to LOA by:
 - a. Paragraph 1. Delete in the first sentence "an LOA setting forth".
 - b. Paragraph 5. Delete "set forth in the LOA", Change "selling" to "providing".
This new sentence will read:

"5. The requesting Government will make payments to the providing Government in accordance with terms and conditions established by the providing Government."
 - c. Paragraph 7. Delete "under an LOA."
 - d. Paragraph 12. Delete paragraph 12 in toto.
16. SECTION VIII, Add new paragraph 12. as follows:

"12. Each Government will contribute its equitable share of the full financial and non-financial costs of the Arrangement established by this MOU, including overhead costs, administrative costs, and the costs of claims and will receive an equitable share of the results of this Arrangement. No requirement will be imposed by either Government for work sharing or other industrial or commercial compensation in connection with this MOU that is not in accordance with this MOU."
17. SECTION IX, paragraph 5: Add new paragraph 5 as follows:

"As a result of the consultations under paragraph 4, above, the arrangements for the imposition of levies or royalties on the sale of AV-8B/GR5 aircraft and Related Property up to 31 December 1986 are at Annex 1 to the MOU. The Governments will consult further on revised arrangements for such levies or royalties, with the results to be included in a new

Annex. ”

18. SECTION X, paragraph 4, line 1: replace “will” with “may”.

19. SECTION X, paragraph 2b: delete and revise to read as follows:

“2b. The Ministry of Defence has designated The Director of Military Combat Aircraft to be responsible for the procurement of Harrier equipment and associated trials, and the Director of Support Management 2(RAF) to be responsible for in-service support of Harrier equipment including the Pegasus engine.”

20. SECTION X: add new subparagraph 5 to read as follows:

“5. The Harrier II Council was formed in 1992 to provide a high level international forum to identify areas of common concern with Harrier variants and, where appropriate, to encourage and facilitate a collaborative approach when dealing with such concerns. The Council is supported by a Harrier Council Working Group. The responsibilities of the Harrier Council and Harrier Council Working Group are described in the Minutes of the 6th Harrier Council Meeting.”

21. SECTION XI, paragraph 1: Replace the entire paragraph with:

“1. USMC AV-8B Aircraft - Configuration management of USMC AV-8B aircraft will be in accordance with Department of the Navy PEO(A) PMA-257 Configuration Management Plan for AV-8B dated 15 August 1994.”

22. SECTION XI, paragraph 2: replace the entire paragraph with:

“2. RAF GR5 Aircraft - Modification procedures of Harrier GR5 aircraft are detailed in DEFSTAN 05-123, and configuration management policy and procedures are detailed in DEFSTAN 05-57.”

23. SECTION XIII: Replace the entire text by the following:

“1. Claims arising under this MOU will be dealt with under paragraph 1 of the Agreement Concerning Defence Cooperation Arrangements of 27 May 1993. Any costs to be shared under paragraph 1(b)(ii) will be shared equally.

2. Unauthorized disclosure and unauthorized use of Technical Information will be dealt with in accordance with the NATO Agreement on Communication of Technical Information for Defence Purposes, April 1971.”

24. SECTION XVII, paragraph 1: In the first sentence, delete "procure" and insert "provide", delete "from" and insert "for", after "and/or" insert "to procure them", delete "located in the other's country" and insert "." In the second sentence, delete "provided by one Government to the other will be in accordance with LOA procedures and". The two sentences now read as follows:

"1. The Governments recognise a need to provide post production support supplies and services for both Governments and/or to procure them from contractors. Supplies and services may include, but will not necessarily be limited to, the following:"

Text at subparagraphs 1a to 1r remains.

25. SECTION XVIII Update. Section XVIII is updated to reflect contemporary language:

- a. Paragraph 1. Delete para 1 in toto and insert the following standard visit wording:

"Each Government will permit visits to its establishments, agencies and laboratories, and contractor industrial facilities, by employees of the other government or by employees of the other governments' contractor(s), provided that the visit and the employees have appropriate security clearances and a need-to-know. All visiting personnel will be required to comply with security regulations of the host government. Any information disclosed or made available to visitors will be treated as if supplied to the government sponsoring the visiting personnel, and will be subject to the provisions of the MOU. Request for visits by personnel of one government to a facility of another Participant will be co-ordinated through official channels, and will bear the name of the Programme/Project and will be submitted in accordance with International Visit Procedures as described by MISWG Document No. 7. Lists of personnel of each government required to visit, on a continuing basis, facilities of the other government will be submitted through official channels in accordance with Recurring International Visit Procedures."

- b. Paragraph 2. Delete para 2 in toto and replace with the following "Any classified information or material exchanged under the provisions of this MOU will be protected in accordance with the 1961 US/UK General Security Agreement, as amended and including the Industrial Security Annex thereto."

- c. Paragraph 4. Delete para 4 in toto as it is covered by the new para 2.

- d. Paragraph 5. Delete para 5 in toto as it is not required.

26. SECTION XIX, paragraph 4: insert "or contract" after "LOA".

27. SECTION XX, paragraph 2, third line: replace "1995" with "2005".

SECTION III

ENTRY INTO EFFECT

This Amendment, signed in two original texts, both texts being equally authentic, will enter into effect when it has been signed on behalf of the Governments by authorized representatives. Unless specifically amended herein, all other provisions of the AV-8B/GR5 Arrangement remain unchanged.

FOR THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

Peter Norriss
Signature

AIR VICE MARSHAL P C NORRISS
Name

DIRECTOR GENERAL
AIR SYSTEMS 1
Title

26 February 1996
Date

LONDON
Location

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

R. Sutton
Signature

R. SUTTON
Name

DIRECTOR, NAVY INTERNATIONAL
PROGRAMS OFFICE
Title

2/15/96
Date

WASHINGTON, DC
Location

BACKGROUND STATEMENT

1. Type of agreement: Bilateral
2. Countries party to the agreement: The United Kingdom and the United States
3. U.S. organizations responsible for carrying out the agreement: Department of Defense and Department of the Navy
4. Full title of the agreement: Amendment 1 to the Memorandum of Understanding between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America relating to AV-8B/Harrier GR5 Development, Production, and Support
5. Subject matter of the agreement: Amendment 1 to the AV-8B/GR5 Arrangement will extend the expiration date from 31 December 1995 to 31 December 2005, and will facilitate Post-Production Support through the provision of more flexible acquisition procedures for supplies and services and the incorporation of revised configuration management arrangements.
6. Background Information on Negotiations: Navy International Programs Office, on behalf of DoD and DoN, participated in negotiations with representatives of the UK Ministry of Defence from March 1995 to December 1995. There were no major issues. All issues were resolved.
7. Effect of Agreement (i.e., what the U.S. expects to gain): The extension of the AV-8B/GR5 Arrangement for 10 years will facilitate Post-Production Support.
8. Legal authority for the agreement: Section 27 of the Arms Export Control Act.
9. Date entered into force: 26 February 1996
10. Date of termination: 31 December 2005
11. Names and titles of signing officials:

For: The United Kingdom	Name Title	P. C. Norriss Director General Air Systems 1
For: The United States	Name Title	R. Sutton Director, Navy International Programs Office
12. Other agreement that this agreement is based upon:

The Memorandum of Understanding relating to AV-8B/Harrier GR5 Development, Production, and Support

13. Date of signature of the agreement:

For the United States

- 15 February 1996

For the United Kingdom

- 26 February 1996